

**MINUTES  
of the  
SECOND MEETING  
of the  
MORTGAGE FINANCE AUTHORITY ACT  
OVERSIGHT COMMITTEE**

**July 6, 2007  
Mortgage Finance Authority Office  
344 Fourth Street SW  
Albuquerque**

The second meeting of the Mortgage Finance Authority Act Oversight Committee was called to order on July 6, 2007 by Senator Nancy Rodriguez, chair, at 10:07 a.m. in the offices of the Mortgage Finance Authority in Albuquerque.

**Present**

Sen. Nancy Rodriguez, Chair  
Rep. Daniel P. Silva, Vice Chair  
Rep. Thomas A. Anderson  
Sen. Mark Boitano  
Rep. Roberto "Bobby" J. Gonzales  
Sen. Cisco McSorley  
Rep. Teresa A. Zanetti

**Absent**

Sen. Leonard Lee Rawson

**Advisory Members**

Rep. Andrew J. Barreras  
Rep. Jose A. Campos  
Sen. Phil A. Griego  
Sen. Richard C. Martinez  
Sen. H. Diane Snyder

Rep. Daniel R. Foley  
Sen. John T.L. Grubestic

**Staff**

Chase Van Gorder, Staff Attorney

**Guests**

The guest list is in the meeting file.

Copies of all handouts and written testimony are in the meeting file.

**Friday, July 6**

**Mortgage Finance Authority — Status Update**

Jay Czar, executive director of the Mortgage Finance Authority (MFA), noted that MFA's most recent town meeting had been conducted in Eunice, New Mexico. That area is experiencing a tremendous housing shortage due to new economic development in the area. A

recently adopted emergency housing ordinance permits people to live in so-called fifth wheels and trailers parked in yards. The last town meeting will be conducted the following week in Portales.

### **Regional Housing Authorities Authority — MFA Oversight**

Joseph Montoya, MFA deputy director of operations, briefed the committee on the background and current status of the regional housing authorities. The seven regional housing authorities were created by the legislature in 1978 to help provide safe, decent and affordable housing. The creation of these authorities permitted the use of federal Department of Housing and Urban Development (HUD) "Section 8" funds for affordable housing. The regional housing authorities were given the power to exercise eminent domain and to issue bonds. Regions 5 and 6 are currently rated as doing exceptionally good work. Nothing is currently being done in Regions 1 and 7. Region 2 operates only in Los Alamos and is classified as a "troubled" organization (this is a HUD rating category based upon specific rating criteria). Region 3 is also classified as being troubled. Region 3 was the impetus for the reform legislation passed during the 2007 legislative session. That region is currently being operated under the auspices of the regional council of governments. Problems related to the manner in which Region 3 used bond funds included the loan of funds to Regions 2 and 7. The State Investment Council may need to dispose of Region 3 assets in order to pay off the bonds that had been issued. The 2007 legislature appropriated funds for an audit of the regional housing authorities. MFA hopes to have specific recommendations regarding Region 3 within three months. One objective is to ensure there is not a gap in the provision of Section 8 housing vouchers. MFA expects to have specific legislative recommendations for the 2009 legislative session.

It was noted that the regional housing authorities are limited to assistance with rental housing and receive virtually all of their funding from the federal government. Some portion of federal funding is allocated to operational expenses of the regional housing authorities. The funding for Region 3 was only from the sale of bonds and it has been alleged that too much of those funds were allocated to operational expenses. Senator Snyder requested that MFA staff prepare a spreadsheet with information regarding each of the regional housing authorities, including types of housing assistance, HUD status rating, rate of success and the percentage of administrative fees with an appendix explaining HUD ratings. Senator Martinez inquired about the possible consolidation of local and regional housing authorities and suggested that enabling legislation to permit such consolidation should be considered.

### **2007 Amendments to Regional Housing Legislation — Senate Bill 519**

Mr. Czar presented a matrix describing the allocation of responsibilities among the MFA, the committee, the Department of Finance and Administration (DFA), the Legislative Finance Committee and the State Board of Finance for the oversight of regional housing authorities. Rick Martinez, deputy secretary of finance and administration, explained the role of the department in the oversight of regional housing authorities. The Local Government Division of the DFA currently has oversight processes and procedures already in place. Mr. Martinez indicated that the department will go back and review prior audits of the regional housing authorities and will review proposed budgets for regional housing authorities. The department

suggested hiring a coordinator for regional housing authorities that would be officed within MFA but paid for by the department. Richard Chavez, former executive director for the Bernalillo County Housing Authority, has been hired to fill that position. Mr. Chavez introduced himself and described his background in housing authorities. He has already conducted an initial meeting with all regional housing authority directors.

### **Minutes**

Upon a motion by Representative Barreras, seconded by Senator Boitano, the committee approved without objection the minutes from the June 2007 meeting of the Mortgage Finance Authority Act Oversight Committee.

### **Other Business**

Mr. Van Gorder advised the committee that MFA staff had requested a change in the committee's September 17 meeting date due to a conflict with a previously scheduled meeting. The committee agreed to change its September meeting date to Tuesday, September 11, and the meeting will be held in Albuquerque. The committee's meeting on October 1 will be held in Las Cruces or another location as suggested by MFA staff. Committee members requested that a representative of HUD be invited to present to the committee. The committee is also interested in hearing from large and small housing developers and representatives of the regional housing authorities. It was also suggested that the state needs to come up with ideas for creative financing programs to assist in the development of affordable housing in rural areas. The committee observed a moment of silence in honor of Senator Rawson's parents who had been involved in a recent automobile accident that resulted in the death of Senator Rawson's father.

### **Adjournment**

There being no further business before the committee, the second meeting of the Mortgage Finance Authority Act Oversight Committee for the 2007 interim was adjourned by Senator Rodriguez at 12:15 p.m.